
Finance Report – Month Ending 29 February 2024

Agenda item:LTW739
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Author: Shahid Mohammed, Finance Manager

This accounts commentary highlights the most significant variances from forecast in the actual financial results to the month ending 29 February 2024 and the forecast outturn for the year 2023-24. Forecasts have been updated to reflect budget reviews undertaken in the period.

Revenue Income & Expenditure Report

1. Revenue Income

Grant of £1,111,000 has been agreed with the GLA for the year. Further funding of £34,000 was agreed in principle during the year (£22,000 more than originally budgeted), and has now been secured, to fund the annual pay award for staff which has ranged from 4.5% to 8% dependant on grade and is in line with GLA awards. All income has been received in full for the year and has been profiled and allocated monthly in the accounts.

Interest accrued on the rent deposit of £3,000 represents interest earned over the last five years which has been recognised this year. The interest is being held by the landlord and is intended for use at the end of the lease rather than funding of our annual spending. The balance sheet has been adjusted to reflect this change to the rent deposit held.

2. Revenue Expenditure

Staff costs:

Staff costs are in line with forecast. The full year forecast is higher than budget as the forecast has been updated to reflect the actual pay awards made in the year ranging from 4.5% to 8% rather than the assumed 3.2% in the budgets. The higher costs are funded by the extra funding from the GLA referred to above.

In addition the forecast is higher than previously reported due to recognition payments made to reflect staff's ticket office consultation work. These have been funded by savings identified in running costs in the mid-year budget review.

The forecasts have been further updated to reflect all latest staffing assumptions to 31 March 2024.

Property related costs:

Although London TravelWatch has benefitted since November from lower rent under the new lease, forecast is slightly higher than budget due to actual service charges being higher than originally budgeted.

External audit, insurance, HR consultancy, legal costs & bank charges

Forecast outturn is higher than budget due to higher than budgeted legal costs in relation to the Europoint lease extension. In addition, HR support costs are anticipated to be higher to 31 March 2024.

IT support, software and office equipment costs

IT software and license costs forecast has been updated to reflect actual costs resulting in a slight variance against budget.

Training & development

Further training identified this year will not now take place until next financial year, so the forecast has been reduced.

Recruitment costs

The recruitment costs for a new Head of Communications will not be incurred in full to use up this year's current underspend against this item, thus the forecast has been reduced by £22,000.

Postage & stationery, photocopier, archiving, subscriptions & sundry office costs

Forecast costs are anticipated to be significantly lower than budget.

Project costs:

The total project allocation has been reduced by a further £28,000 to £62,000 which is £73,000 lower than budgeted. In addition to costs for the Ticket Office Closure Consultation project being considerably lower than anticipated, Public Transport Better Deal, ULEZ package, Complaint Handling Reform and Stakeholder Engagement projects will now not be completed this year and these funds will be transferred to Reserves.

All other costs are largely in line with forecast and budget.

Funding to/from reserves and reserves at the year-end

The opening reserve balance at 1 April was £150,000 following final audit. A net surplus of £29,000 is forecast which will be transferred to reserves leaving an anticipated balance of £179,000. This is £40,000 higher than previously reported, mainly due to significant favourable variances across variable overheads and projects not being completed as assumed in the budgets.

3. Cash Flow

The bank balance at 29 February was £313,000.

4. Future Years

London Travelwatch's grant in aid funding from the Greater London Authority is expected to be £1.145 million for 2024-25 (2023-24 : £1.111 million). The GLA will also fund an annual cost of living pay award of 4.5% (£37,000).

The proposed budgets for 2024-25 are presented to the board for approval in the attached annex.

5. Recommendation

That the Board consider the report and review the management accounts.